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MEMORANDUM

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2007 DEC -4 P 3:39

TO: Docket Control
FROM: Ernest G. Johnson
Director
Utilities Division

AZ CORP COMMISSION
DOCKET CONTROL

DATE: December 4, 2007

RE: **Response to Late-Filed Exhibit** – Valley Utilities Water Company, Inc.
Docket No. W-01412A-07-0560 (Emergency Rates) and
Docket No. W-01412A-07-0561 (Financing)

At the hearing on November 16, 2007, the Administrative Law Judge requested that Valley Utilities Water Company, Inc. ("Company") submit a written estimate for the replacement of the well pump cost to support the requested \$250,000 financing application. Also on November 16, 2007, the Company docketed the written estimate for the drilling of a new well at \$182,840, in which Staff testified that the cost of the well drilling portion was reasonable.

On November 30, 2007, the Company docketed its estimated well pump replacement cost of \$48,735 as a late-filed exhibit. Staff has reviewed this pump replacement cost and finds it to be reasonable.

In summary, the Company's financing request for up to \$250,000 for the drilling of a new well at \$182,840 and the well pump replacement cost of \$48,735, totaling \$231,575, is reasonable.

EGJ:MSJ:tdp

Originator: Marlin Scott, Jr.

Arizona Corporation Commission
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Service List for: Valley Utilities Water Company
Docket Nos. W-01412A-07-0560 & W-01412A-07-0561

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